GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3004
ANSWERED ON:07.12.2001
FDI IN RETAIL TRADING
DR. KIRIT SOMAIYA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government are reconsidering its previous stand of not allowing FDI in retail trading;

(b) if so, whether such decision has been taken on the basis of Mc Kinzee Report;

(c) if so, whether the report has been considered seriously;

(d) if so, the details of observations made in the report;

(e) whether there is no WTO binding on India to open FDI in retail sector;

(f) whether the Government have received representations, objections from Members of Parliament and different associations in this regard;
g) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(DR. RAMAN SINGH)

(a) to (d), (f) & (g) : The review of sectors and sectoral caps in regard to Foreign Direct Investment is an ongoing process and is undertaken in consultation with and based on the inputs received from the concerned ministries and departments. Representations and observations are being received from various quarters including from Members of Parliament and different associations regarding allowing FDI in retail trading. As per extant policy FDI in retail trade is not permitted.

The McKinsey Report entitled `India - The Growth Imperative` examines several sectors of India`s economy and suggests policy changes which would help accelerate growth. The study suggests that GDP growth of 10% a year is within India`s reach.

(e) : So far as the General Agreement on Trade in Services (GATS) is concerned India has not undertaken any commitment under distribution services.